



COUNTY OF SAN MATEO, CALIFORNIA



FINANCIAL

HIGHLIGHTS

FISCAL YEAR ENDED
JUNE 30, 2017



Published by Juan Raigoza
San Mateo County Controller

Letter to the Citizens of San Mateo County

It is my pleasure to present to you the County's Financial Highlights report, also known as the Popular Annual Financial Report (PAFR), for fiscal year (FY) 2016-17.

My goal for this report is to provide financial information that is easy to understand and transparent to our residents, policy leaders, and County management. This report summarizes essential information contained in the County's Comprehensive Annual Financial Report (CAFR) for FY 2016-17, and includes 5-year trend charts and explanations of financial results.

In FY 2016-17, government-wide revenues totaled \$1.71 billion while expenditures totaled \$1.52 billion. Additionally, as of June 30, 2017, total assets equaled \$3.12 billion while total liabilities equaled \$1.60 billion.

Given that the local economy has been experiencing one of its longest sustained growth cycles, the next economic slowdown is bound to happen sooner rather than later. The County should continue to think long term and plan accordingly.

I would like to recognize three key County leaders who have been integral to its financial security.

San Mateo County's sound finances are due in large part to the great vision, leadership and fiscal responsiveness of John Maltbie, who has served as its county manager for more than 25 years. He, along with Deputy County Manager Reyna Farrales and Budget Director Jim Saco, have worked with the County's board and departments/offices to successfully manage the County's budgets and finances for many years. We will miss each of them upon their upcoming retirements in 2018.

Please visit our website at <http://controller.smcgov.org> to view or download copies of the CAFR, Financial Highlights (PAFR), Property Tax Highlights and other publications. I welcome your comments and questions at (650) 363-4777 or controller@smcgov.org.

Sincerely,



Juan Raigoza
San Mateo County Controller



The financial information in this report is derived from the County's Comprehensive Annual Financial Report (CAFR) for FY 2016-17. The CAFR is prepared in conformity with generally accepted accounting principles (GAAP), and provides all of the detail and disclosure required for fair presentation in conformity with GAAP. The CAFR is available for interested users at <http://controller.smcgov.org/document/2017-cafr>.



Facebook: <https://www.facebook.com/CountyofSanMateo>



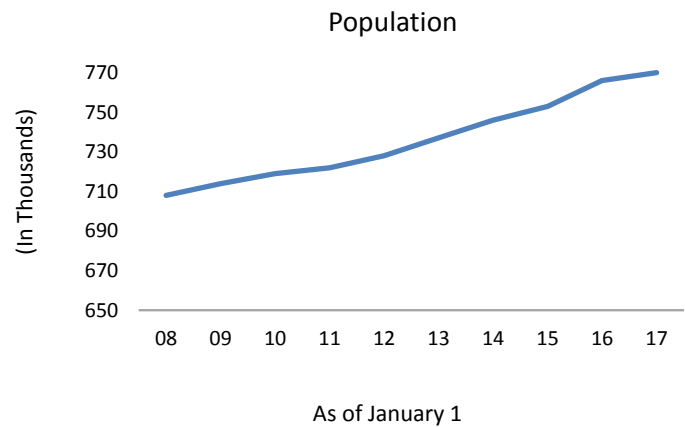
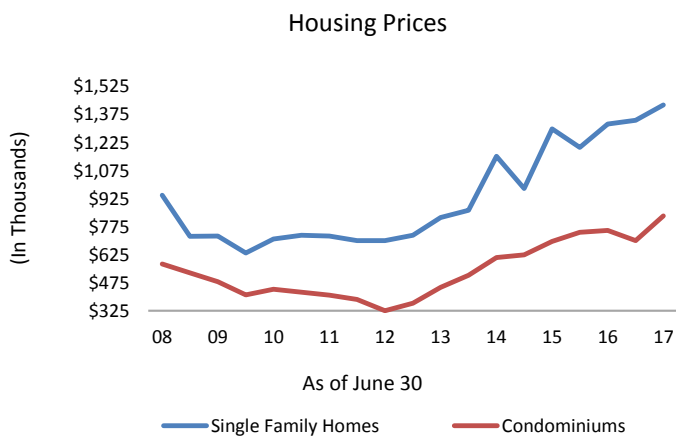
Twitter: <https://twitter.com/sanmateoco>

County Profile

San Mateo County, one of the nine counties in the San Francisco Bay Area, was established in 1856. The County occupies 455 square miles and contains 20 cities on a peninsula bounded by San Francisco to the North, Santa Clara and Santa Cruz Counties to the South, San Francisco Bay to the East, and the Pacific Ocean to the West.

Sandwiched between two large urban areas (San Francisco and San Jose), the County has a mix of suburban and rural areas. Most of the County's residents live in the suburban corridor east of the Santa Cruz Mountains, which bisect the County. The western part of the County remains primarily rural and has some of California's most beautiful coastline.

The County is located in the middle of Silicon Valley home to many technology firms. It is also a home to numerous colleges and is close to three of the top research institutions: the University of California at Berkeley, the University of California at San Francisco, and Stanford University.



The County plays a dual role that differs from cities. Cities generally provide services such as police and fire protection, sanitation, recreation programs, planning, street repair, and building inspection. The County, a subdivision of the State, provides a vast array of services for all residents.

These services include social services, public health protection, housing programs, property tax assessment, tax collection, elections, and public safety. The County also provides basic city-type services for residents who live in unincorporated areas.

The County is governed by a five-member Board of Supervisors elected by San Mateo County voters.



From left to right and front to back: Name (District Number)
 Warren Slocum (4), Don Horsley (3), Dave Pine (1)
 Carole Groom (2), David J. Canepa (5)

Mission and Goals

San Mateo County government protects and enhances the health, safety, welfare and natural resources of the community and provides quality services that benefit and enrich the lives of the people of the community.

We are committed to:

- The highest standards of public service
- The highest standards of ethical conduct
- Treating people with respect and dignity
- A common vision of responsiveness
- Accessible services for those in need



Shared Vision 2025 is the County's strategic plan which reflects the goals and priorities for the San Mateo County community. The five community outcomes and nine impact goals focus on what is best for all of San Mateo County today and in the years to come.

More information can be found at <http://cmo.smcgov.org/document/shared-vision-2025>.

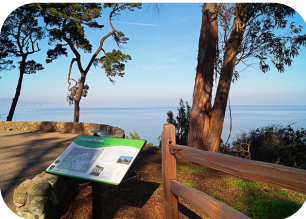
Healthy and Safe Community

- Reduce Crime
- Increase Life Expectancy



Prosperous Community

- Improve Housing Affordability and Basic Needs
- Close Education Achievement Gaps



Livable Community

- Make Transit More Accessible
- Increase Community Engagement

Environmentally Conscious Community

- Reduce Greenhouse Gas Emissions
- Conserve and Protect Natural Resources

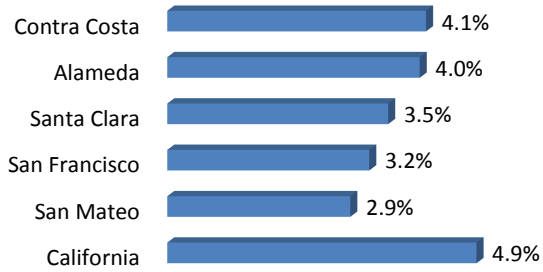


Collaborative Community

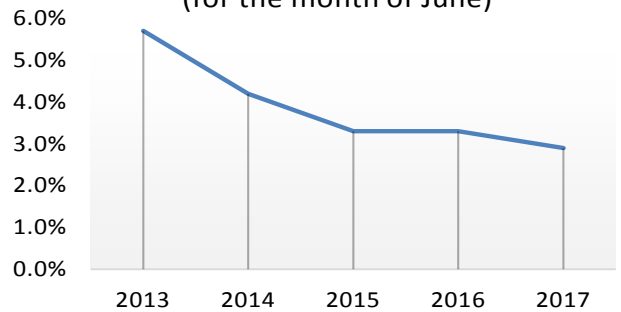
- Responsive, Effective, and Collaborative Government

Statistic Information

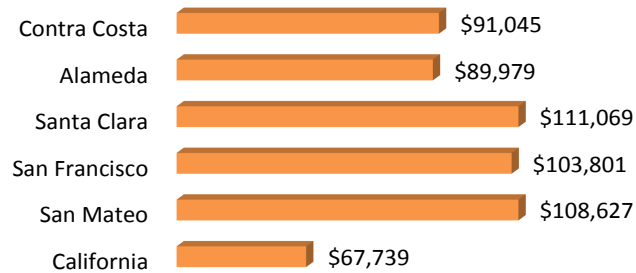
Unemployment Rate as of June 2017



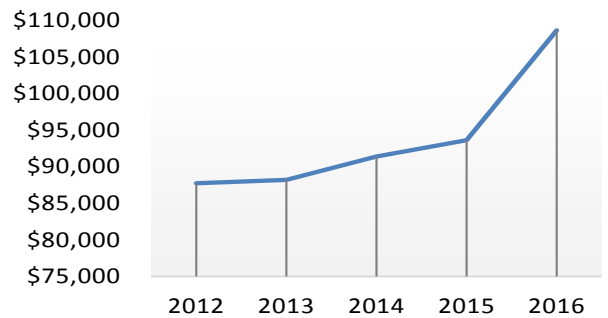
County of San Mateo Unemployment Rate (for the month of June)



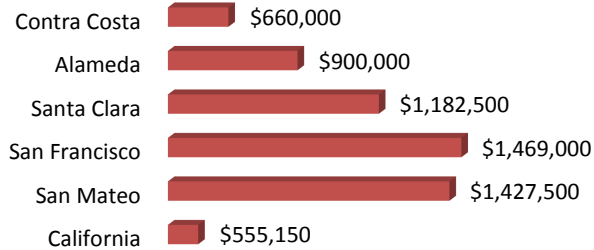
Median Household Income 2016*



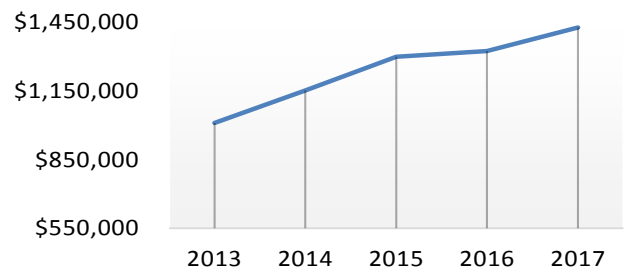
County of San Mateo Median Household Income*



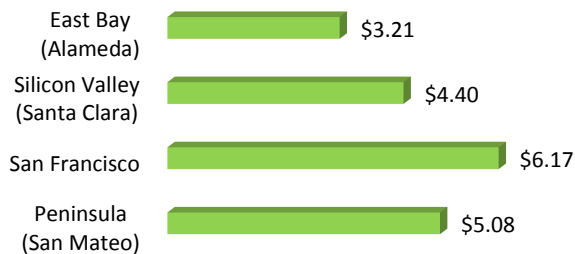
Median Home Price as of June 2017 (single-family homes)



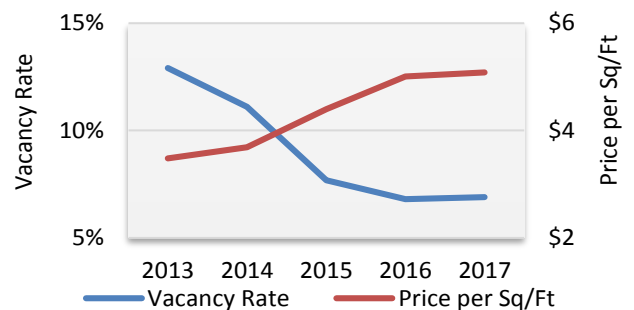
County of San Mateo Median Home Price as of June (single-family homes)



Office Rent Second Quarter 2017** (per square foot)



County of San Mateo Office Rent vs. Vacancy** (second quarter 2017)



* Latest available data. ** Source: Colliers International.

Government-Wide Financial Position

The **Statement of Net Position** presents information on the County's assets, liabilities, and deferred inflows/outflows of resources, and net position.

Over time, changes in net position (net worth) may serve as a useful indicator of whether the County's financial position is improving or deteriorating. For the FY 2016-17, the County's total net position increased by \$194 million to \$1.98 billion. The positive change in net position indicates that the financial position of the County is improving. Net position of \$1.98 billion is classified into three categories: \$656 million in net investment in capital assets, \$261 million in restricted, and \$1.07 billion in unrestricted.

	Fiscal Year		Inc./.(Dec.) Amount
	2016-17	2015-16	
Current and other assets	\$ 2,031	\$ 1,961	\$ 70
Capital assets	1,085	1,049	36
Total assets	<u>3,116</u>	<u>3,010</u>	<u>106</u>
Deferred outflows of resources	478	242	236
Long-term liabilities	584	614	(30)
Net pension liability	675	465	210
Other liabilities	338	332	6
Total liabilities	<u>1,597</u>	<u>1,411</u>	<u>186</u>
Deferred inflows of resources	12	51	(39)
Net position:			
Net investment in capital assets	656	584	72
Restricted	261	257	4
Unrestricted	1,068	950	118
Total net position	<u>\$ 1,985</u>	<u>\$ 1,791</u>	<u>\$ 194</u>

Assets are resources with service capacity the County controls.

Liabilities are obligations the County owes.

Long-term liabilities include estimated claims, net postemployment benefit obligation, compensated absences, and debts (such as lease revenue and revenue refunding bonds, notes payable, and other long-term obligations).

Deferred outflows of resources are the consumption of net assets applicable to future reporting periods.

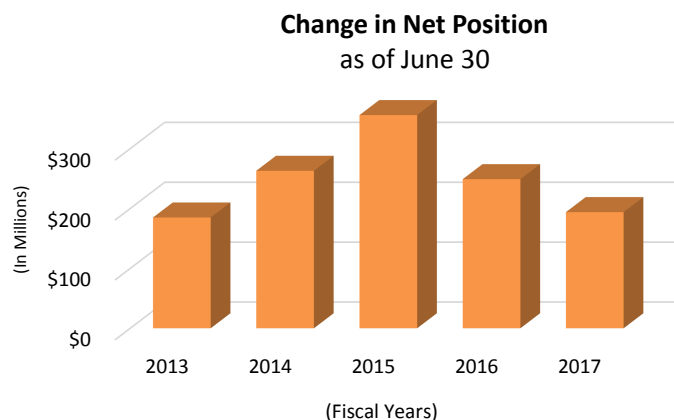
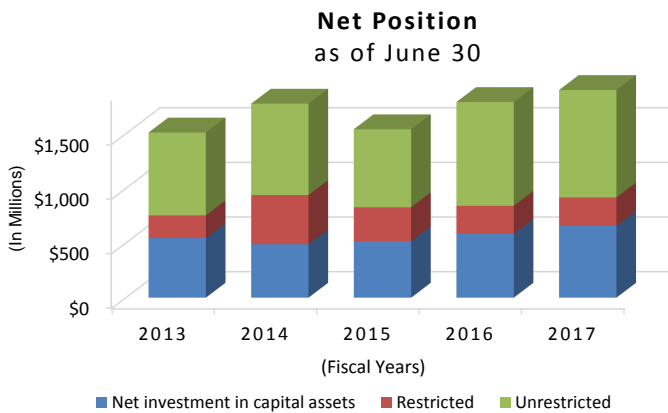
Deferred inflows of resources are the acquisition of net assets applicable to future reporting periods.

Net position reflects the County's net worth. (Net Position = Assets + Deferred Outflows of Resources - Liabilities - Deferred Inflows of Resources)

Net investment in capital assets represents the County's investment in capital assets, less any related outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens and are not available for future spending.

Restricted net position represents resources that are subject to external restrictions on their use and are available to meet the County's ongoing obligations for programs with external restrictions.

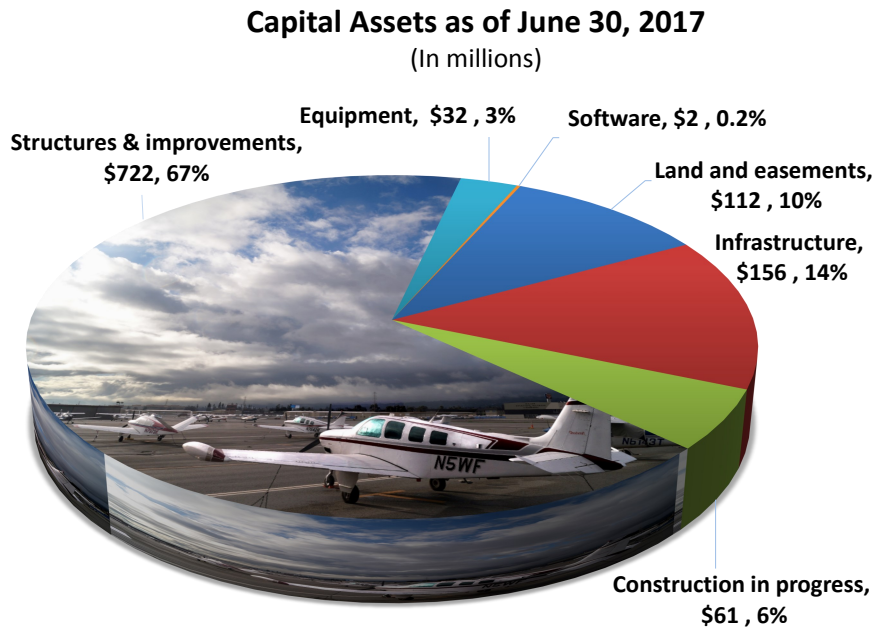
Unrestricted net position represents resources that are available to fund County programs for citizens and debt obligations to creditors.



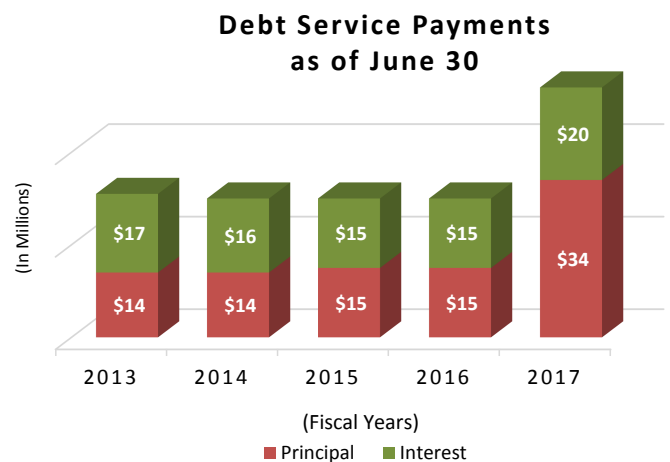
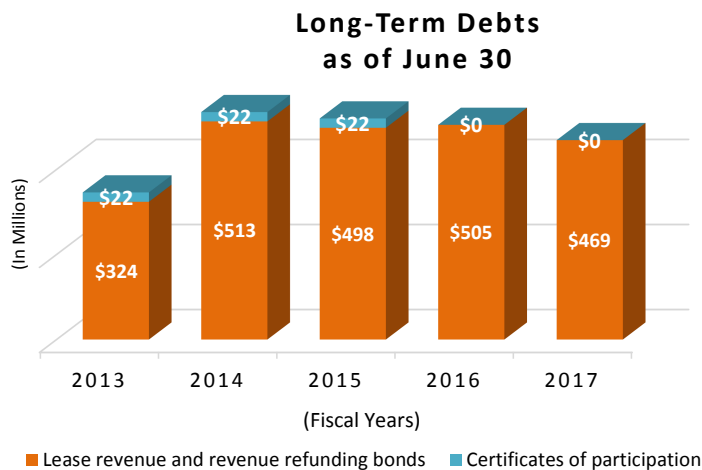
Government-Wide Financial Position

Capital assets. The County’s capital assets include land and easements, infrastructure, construction in progress, structures and improvements, equipment, and software. As of June 30, 2017, the County’s total investment in capital assets increased by \$36 million, or 3%, to \$1,085 million. Major events related to capital assets during FY 2016-17 included the following:

- Completed Phase 2 of Maple Street Correctional Center, \$23.8 million.
- \$8.1 million for purchase of the Coastside Clinic.
- Roads Infrastructure: \$11 million for the completion of Eleanor Drive Sewer Rehabilitation and SMCo Smart Corridors project.



Long-term debts. The County’s total long-term debts (a subset of total long-term liabilities) decreased \$35 million, or 7%, to \$476 million as of June 30, 2017. This amount consists of \$469 million in lease revenue and revenue refunding bonds, \$3 million in notes payable, and \$4 million in other long-term obligations. The decrease in long-term debts is mainly due to the scheduled retirement of outstanding lease revenue and revenue refunding bonds. The County’s bond credit rating is AAA/Aaa.



Government-Wide Financial Position

Pension Plan

San Mateo County Employees' Retirement Association (SamCERA) and the County now use two actuarial valuation methods for its pension plan, one for financial reporting purposes in accordance with Government Accounting Standards Board Statement No. 68, and another for funding purposes to determine the County's annual contribution to the plan.

For Financial Reporting Purposes

Net pension liability is the difference between the total pension liability and plan assets at fair value (fiduciary net position).

Net Pension Liability as of June 30, 2017 <i>(in millions)</i>	
Total pension liability (a)	\$ 4,032.5
Fiduciary net position (b)	3,356.9
County's proportionate share of the collective net pension liability (a) - (b)	\$ 675.6
Plan fiduciary net position as a percentage of the total pension liability (b)/(a)	83.3%

As of June 30, 2017 for financial reporting purposes, the County's net pension liability is \$675.6 million, and the plan's funded ratio is 83.3%. A year earlier, the County's net pension liability was \$466.3 million, and the plan's funded ratio was 87.5%.

For Funding Purposes

Unfunded actuarial accrued liability (UAAL) is the difference between actuarial accrued liability and the actuarial value of assets accumulated to finance an obligation.

<i>(Dollars in millions)</i>	Fiscal Year		
	2016-17	2015-16	2014-15
UAAL - for the entire Plan	\$ 743.1	\$ 737.6	\$ 702.2
Funded Ratio	84.3%	83.1%	82.6%
County's proportionate share of UAAL	707.1	702.9	665.7

As of June 30, 2017, for funding purposes as reported by SamCERA, the entire pension plan's UAAL totaled \$743.1 million. The County's proportionate share of the plan's UAAL is \$707 million (95.16% of \$743.1 million).

Actuarial Methods and Assumptions

	Financial Reporting Purposes	Funding Purposes
Discount rate/assumed rate of return	7.20%	6.75%
Measurement date of assets	June 30, 2016	June 30, 2017
Recognition of investment income/(loss)	Projected gain +/- 20% of difference between projected and actual gain/(loss)	Gain/(loss) recognized over 5-year period, 20% per year
Funded ratio as of June 30, 2017	83.3%	84.3%

Funded ratio represents the percentage of the plan assets currently available to pay the actuarial accrued liabilities.

Discount rate is the investment rate of return used to measure the total pension liability.

Schedule of County Contributions

In FY 2013-14, the County contributed an additional funding of \$50 million to SamCERA, and will pay an additional \$10 million in each of the following nine years to provide greater security for the plan, improve its funded ratio, and reduce the County's long-term pension costs.

In FY 2016-17, SamCERA reduced the pension plan's assumed rate of return from 7.00% to 6.75%. In FY 2016-17 an additional contribution of \$23.6 million was made to SamCERA.

<i>(Dollars in millions)</i>	Fiscal Year	
	2016-17	2015-16
Contractually required contributions	\$ 156,761	\$ 161,652
Contributions in relation to the contractually required contribution	190,361	181,190
Contribution deficiency (excess)	\$ (33,600)	\$ (19,538)

Government-Wide Financial Position

The County sponsors **Other Postemployment Benefits (OPEB)**, which provide healthcare benefits to eligible members who retire from the County and receive a pension from SamCERA.

OPEB Plan									
Schedule of Funding Progress (in millions)									
Actuarial Valuation Date *	Actuarial Value of Assets (a)	Actuarial		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll		
		Liability (AAL) (b)	Accrued				(b-a)/c		
6/30/2013	\$ 193	\$ 319		\$ 126	60.4%	\$ 453	28.0%		
6/30/2015	235	385		150	61.0%	465	32.3%		
6/30/2017	277	366		89	75.8%	549	16.2%		

* Starting with FY 2016-17 the actuarial analysis is performed annually.

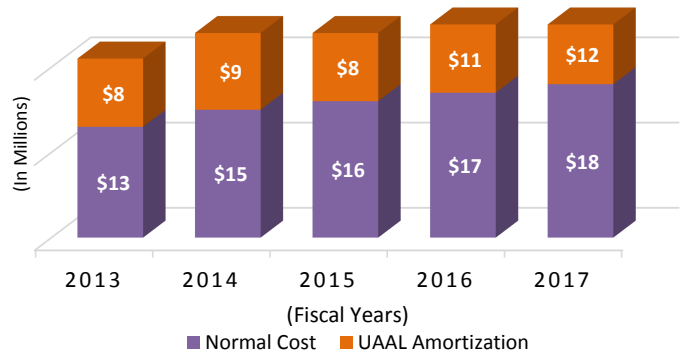
Schedule of Funding Progress provides a snapshot of the County's ability to meet current and future liabilities with plan assets. The funded ratio is an important indicator to determine the financial health of the plan. The closer the plan is to a 100% funded status, the better position it will be in to meet its future liabilities.

Normal cost represents the estimated amount necessary to finance benefits earned by members during the fiscal year.

UAAL Amortization is the paying off of UAAL in regular installments over a period of 30 years.

Annual required contribution (ARC) is the amount required to pay the sum of the plan's normal cost and the cost to amortize the plan's UAAL.

OPEB Plan
Annual Required Contribution



"Economy is idealism in its most practical form."

– Calvin Coolidge



Government-Wide Results of Operation

The **Statement of Activities** presents information on the County's results of operations (or change in the County's net position).

Change in County's Net Position (in millions)			
	Fiscal Year		
	2016-17	2015-16	2014-15
Revenues:			
Program Revenues			
Charges for services	\$ 497	\$ 477	\$ 447
Operating grants and contributions	503	483	522
Capital grants and contributions	6	5	2
Total program revenues	<u>1,006</u>	<u>965</u>	<u>971</u>
General Revenues			
Taxes:			
Property taxes			
General property tax*	260	243	226
Property tax in-lieu of vehicle license fee	99	92	85
Excess ERAF**	118	106	118
Other	38	31	26
Subtotal - property taxes	<u>515</u>	<u>472</u>	<u>455</u>
Property transfer taxes	10	10	10
Sales and use taxes	107	98	103
Property tax in-lieu of sales taxes	-	5	7
Transient occupancy taxes	2	1	2
Aircraft taxes	1	1	1
Vehicle rental business license tax	13	12	12
Subtotal - taxes	<u>648</u>	<u>599</u>	<u>590</u>
Unrestricted interest and investment earnings	15	22	14
Miscellaneous	43	28	35
Total general revenues	<u>706</u>	<u>649</u>	<u>639</u>
Total revenues	<u>1,712</u>	<u>1,614</u>	<u>1,610</u>
Expenses:			
General government	130	112	120
Public protection	403	358	322
Public ways and facilities	23	20	16
Health and sanitation	305	275	244
Public assistance	244	222	212
Recreation	15	13	12
Interest on long-term liabilities	19	22	23
San Mateo Medical Center	290	265	233
Airports	4	3	3
Coyote Point Marina	1	1	1
Housing Authority	83	73	68
Total expenses	<u>1,517</u>	<u>1,364</u>	<u>1,254</u>
Excess before special item	195	250	356
Special item	-	(1)	-
Change in net position	195	249	356
Net position, beginning, as previously stated	1,790	1,541	1,775
Cumulative effect of accounting change	-	-	(590)
Net position, beginning, as restated	<u>1,790</u>	<u>1,541</u>	<u>1,185</u>
Net position, end of the year	<u>\$ 1,985</u>	<u>\$ 1,790</u>	<u>\$ 1,541</u>
Breakdown of net position, end of the year			
Net investments in capital assets	\$ 656	\$ 584	\$ 516
Restricted	261	256	311
Unrestricted	<u>1,068</u>	<u>950</u>	<u>714</u>
Net position, end of the year	<u>\$ 1,985</u>	<u>\$ 1,790</u>	<u>\$ 1,541</u>
Population in San Mateo County	770,203	766,041	759,155
Per capita general revenue (in absolute dollars)	\$ 917	\$ 847	\$ 842
Per capita revenue (in absolute dollars)	\$ 2,223	\$ 2,107	\$ 2,121
Per capita expense (in absolute dollars)	\$ (1,970)	\$ (1,781)	\$ (1,652)
Per capital net revenue (in absolute dollars)	\$ 253	\$ 326	\$ 469

* Reclassifications were made to itemize property tax in-lieu of vehicle license fee.

** Reported in full accrual basis.

Revenues are monies the County receives from a variety of sources.

Program revenues are derived directly from County programs and can be broken down into the following categories:

- **Charges for services** paid by the recipients of goods and services offered by County's various programs.
- **Grants and contributions** that are restricted to meet the operational or capital requirements of County programs (primarily from State and Federal sources).

General revenues are revenues that are not classified as program revenues such as property taxes and all other taxes.

Expenses are monies spent on providing services to the County's residents.

Governmental activities are normally funded by taxes and intergovernmental revenues and cover various services including: **General government** includes costs incurred by the County's administrative offices.

Public protection safeguards the public through law enforcement, custody of criminals, and re-socialization of offenders.

Public ways and facilities maintain County roads, bridges, and other infrastructure.

Health and sanitation build a healthy community and provide health care to vulnerable populations.

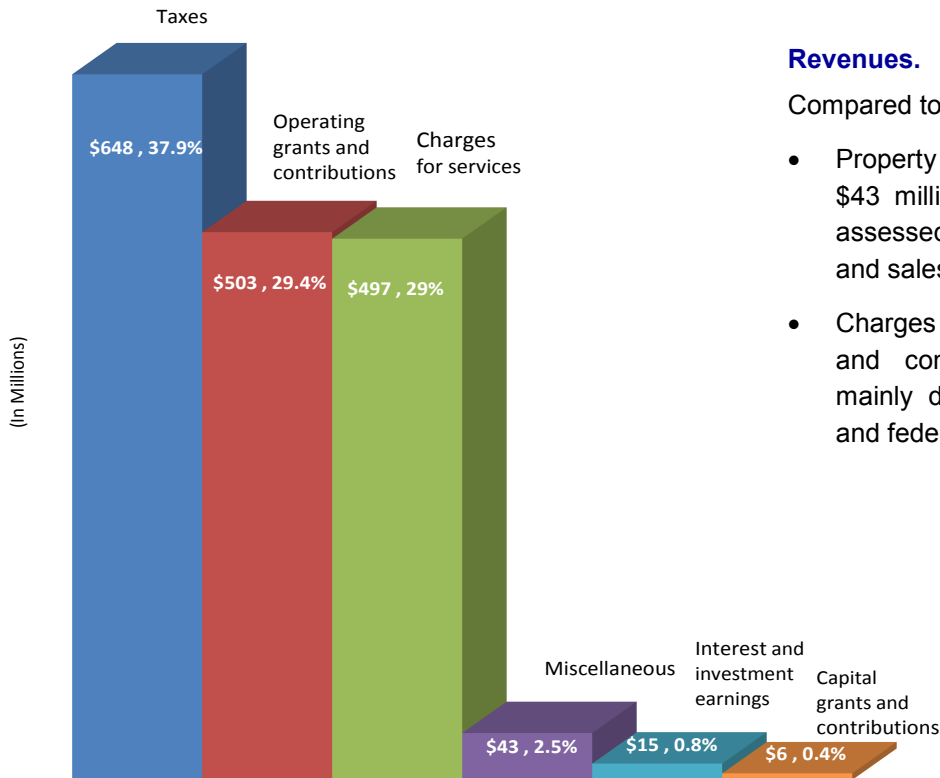
Public assistance helps individuals and families to achieve economic self-sufficiency, promote community and family strength, and ensure child safety and well-being.

Recreation provides residents with access to parks and recreational facilities.

Business-type activities include those services provided by San Mateo Medical Center, Airports, Coyote Point Marina Recreation, and Housing Authority. These activities rely heavily on fees charged to recipients of the services.

Government-Wide Results of Operation

Where did the County's money come from? FY 2016-17

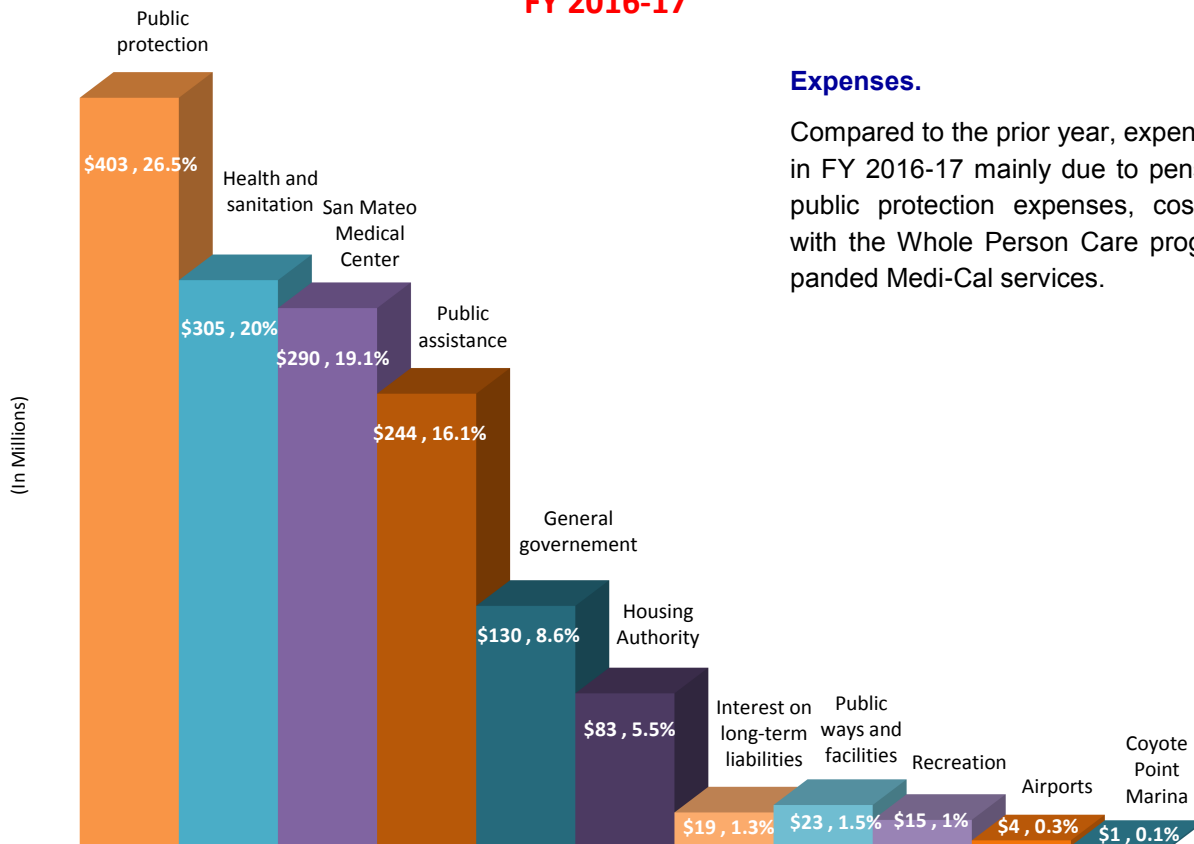


Revenues.

Compared to the prior year:

- Property taxes increased in FY 2016-17 by \$43 million due to growth in real property assessed values, increases in construction, and sales of properties.
- Charges for services, and operating grants and contributions increased \$41 million mainly due to reimbursements from State and federal sources.

Where did the County's money go? FY 2016-17

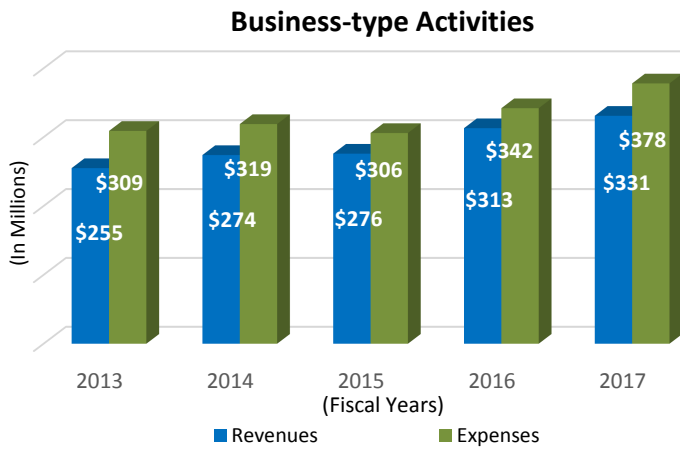
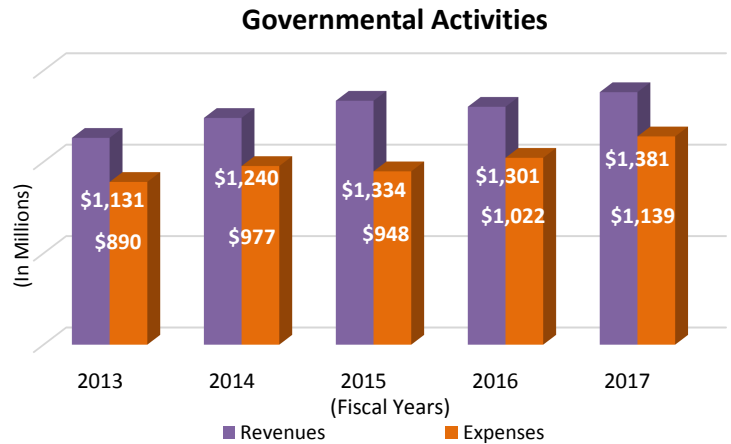


Expenses.

Compared to the prior year, expenses increased in FY 2016-17 mainly due to pension expense, public protection expenses, costs associated with the Whole Person Care program, and expanded Medi-Cal services.

Government-Wide Results of Operation

Governmental activities. In each of the past five fiscal years, total revenues from the County’s governmental activities were greater than related expenses. A portion (\$60 million) of the excess revenues from the General Fund (governmental activities) was used to subsidize mandated healthcare services provided by the San Mateo Medical Center (business-type activities).



Business-type activities. In each of the past five fiscal years, total revenues from the County’s business-type activities (San Mateo Medical Center) were less than related expenses. The deficits, mainly resulting from mandated healthcare services to the uninsured and indigent population, were absorbed by General Fund (governmental activities) subsidies to the San Mateo Medical Center.



“To be good, and to do good, is all we have to do.”
- John Adams



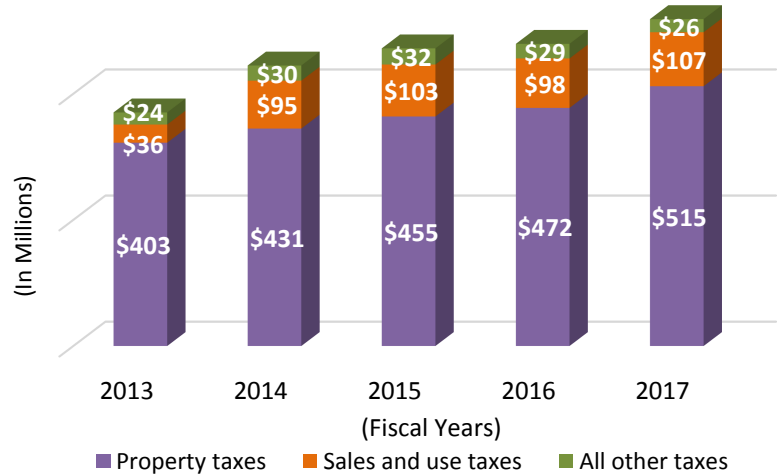
Tax Revenues

County's tax revenues reached \$648 million for the fiscal year ended June 30, 2017, an increased of \$49 million over the prior year.

Major changes are from the following:

- \$17 million increase in secured property tax revenue due to growth in real property assessed values.
- \$12 million in Excess Education Revenue Augmentation Fund (ERAF) reimbursed to the County due to increase in secured property tax revenue for ERAF.
- \$7 million increase in vehicle license fee (VLF), consistent with a countywide assessed valuation growth in FY 2016-17.
- \$3 million increase in Measure K sales tax and \$1.9 million in Public Safety half-cent sales tax.

County Tax Revenues



County Tax Revenues FY 2016-17 (in millions)



Measure K is a countywide half-cent sales tax, extended by voters in November 2016, to support essential County services.

In FY 2016-17, significant expenditures of Measure K initiatives were spent on Housing Preservation (\$6.5 million), Loan Program for Behavior Health Recovery Services Providers (\$4.3 million), and Regional Operations Center (\$3.8 million).

Tax Revenues

Property taxes are levied each fiscal year on taxable real property (secured) and personal property (unsecured) in the County.

Countywide Assessed Value of Taxable Property as of January 1
(in millions)

Fiscal Year	Real Property	Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value	% of Change Total Taxable Assessed Value
2012-13	\$ 146,968	\$ 6,382	\$ (4,624)	\$ 148,726	3%
2013-14	156,222	6,389	(5,037)	157,574	6%
2014-15	165,062	6,574	(5,236)	166,400	6%
2015-16	177,738	6,973	(5,502)	179,209	8%
2016-17	190,856	7,313	(5,376)	192,793	8%



Property tax revenues make up the County's largest source of General Fund discretionary revenues. The health of the local real estate market, and associated changes in property assessed values are key indicators of the financial outlook for the County.

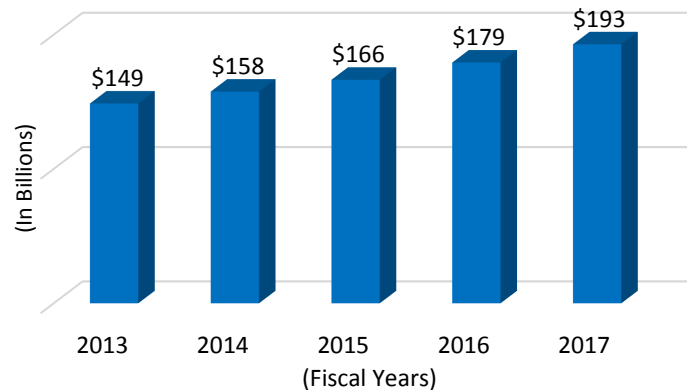
The FY 2016-17 local combined property assessment roll value (\$193 billion as of January 1, 2016) for the County increased 8%, or \$13.6 billion, compared to last year. This increase in value translated to an increase in property tax revenues of about \$136 million countywide, shared by local agencies (schools, cities, special districts and County).

The County's local property assessment roll values for the upcoming year (FY 2017-18) increased by 7.9%, or \$15.2 billion, to \$208 billion compared to FY 2016-17 property assessment roll. This will increase the county-wide property tax revenue base to \$2.08 billion.

The FY 2017-18 property assessment roll values are at a historic high.



Countywide Assessed Value of Taxable Property



County's Top Ten Taxpayers in FY 2016-17
(in millions)

	Property Taxes Levied*	Percentage of Total Taxes Levied*
Pacific Gas & Electric	\$ 22.1	1.02%
Genentech	21.0	0.97%
Gilead Sciences Incorporation	16.9	0.78%
United Airlies	15.7	0.73%
Google, Inc.	10.3	0.48%
Oracle Corporation	7.3	0.34%
Slough BTC LLC	6.4	0.29%
Peninsula Innovation Partners	4.5	0.21%
Giant Properties LLC	4.2	0.20%
American Airlines	4.2	0.19%
Total	\$ 112.6	5.21%

* Based on the general tax and debt service on secured, unsecured, unitary, and railroad properties as of June 30, 2017

General Fund Working Budget

The annual budget serves as the foundation for the County's financial planning and control of expenditures. The legal level of budgetary control, where expenditures may not exceed appropriations, is at the object level (e.g., salaries and benefits) within a budget unit in a fund. Budget expenditures are enacted into law through the passage of an Appropriation Ordinance. The ordinance sets limits on expenditures, which cannot be changed except by subsequent amendments to the budget.



General Fund Expenditures Budget vs. Actual By Class (in millions) FY 2016-17

Class	Budget	Actual (Budgetary Basis)
Salaries and benefits	\$ 777.8	\$ 724.7
Services and supplies	488.5	328.5
Other charges	335.2	235.1
Fixed assets	35.4	23.4
Other financing uses	190.2	122.1
Intrafund transfers	(214.6)	(171.3)
Contingencies	168.8	-
Total	\$ 1,781.3	\$ 1,262.5

General Fund Expenditures Budget vs. Actual By Department/Budget Unit (in millions) FY 2016-17

General Fund Department/Budget Unit	Budget**		Actual (Budgetary Basis)
	Amount	%	
Health System*	\$ 417.7	23.4%	\$ 381.3
Sheriff's Office	258.8	14.5%	235.2
Human Services Agency	251.2	14.1%	182.3
Probation	91.1	5.1%	84.4
County Managers Office/Clerk of the Board	88.8	5.0%	76.2
Information Services Department	37.4	2.1%	12.7
District Attorney	36.4	2.0%	30.1
Public Works	34.9	2.0%	13.1
Housing	33.6	1.9%	17.6
Assessor-Clerk-Recorder	29.0	1.6%	22.5
Parks Department	24.0	1.3%	14.8
Office of Sustainability	18.6	1.0%	8.2
Human Resources	15.9	0.9%	14.5
Controller	13.7	0.8%	11.5
Planning and Building	13.1	0.7%	10.3
County Counsel	13.0	0.7%	9.4
Child Support Services	11.7	0.7%	11.0
Tax Collector/Treasurer/Revenue Services	11.5	0.6%	5.9
Agriculture Weights and Measures	6.0	0.3%	5.1
Board of Supervisors	4.9	0.3%	4.4
Coroner	3.3	0.2%	3.1
Local Agency Formation Commission	0.4	0.1%	0.3
Non-Departmental Services	318.5	18.0%	108.6
Contingencies (Non-departmental)	47.8	2.7%	-
Total	\$ 1,781.3	100.0%	\$ 1,262.5

* General Fund excludes San Mateo Medical Center, business-type activities.

** Budget amounts include departmental and non-departmental contingencies used for emergencies and/or economic uncertainties.

Other financing uses are transfers of financial resources from one fund to another.

Intrafund transfers are used by the County to show reimbursements between operations within the same fund.

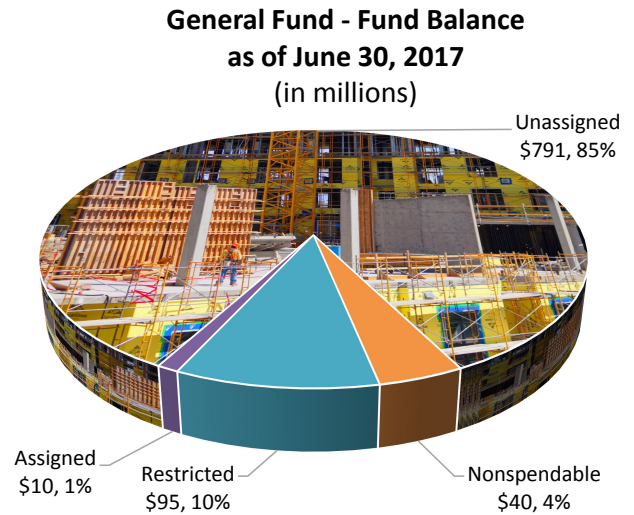
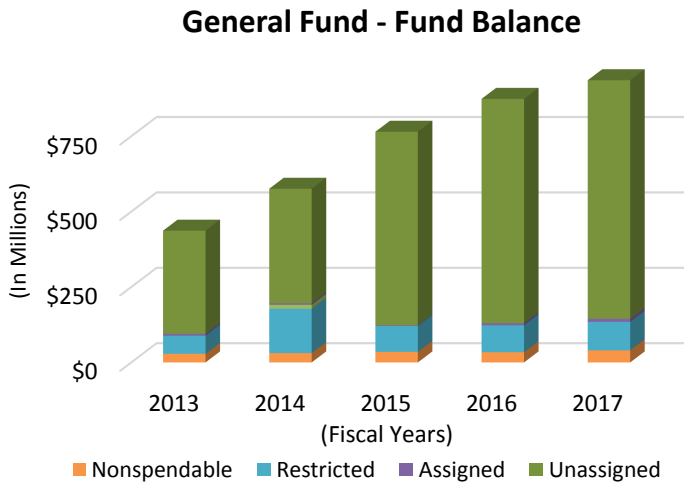
Contingencies are used by the County to address one-time emergencies and economic uncertainties.

- \$168.8 million unspent appropriations in contingencies resulted from cognizant long-term financial planning and not having the need to use these emergency/reserve funds..
- \$68.1 million unspent appropriations in other financing uses due primarily to major capital projects funded by Non-Departmental Services either not yet started or completed.

General Fund Financial Position

The **General Fund** is the County’s primary operating fund. The activities funded by the General Fund include general government, public protection, health and sanitation, public assistance, and recreation services.

Fund balance amounts provide information about the County’s net resources available for spending, and its financing requirements.



As a measure of the General Fund’s liquidity, total unrestricted fund balance as well as total fund balance can be compared to the General Fund’s total functional expenditures. Total General Fund expenditures less monies from Other Financing Uses equals total functional expenditures.

- Total of \$801 million in unrestricted (assigned and unassigned) fund balance of the General Fund approximates 76% of the total functional expenditures of \$1.05 billion.
- Total fund balance of \$936 million of the General Fund approximates 89% of the total functional expenditures of \$1.05 billion.

At June 30, 2017, the General Fund had a total fund balance of \$936 million consisting of the following:

- \$40 million is **nonspendable**, which includes items that are not expected to be converted to cash such as inventories, prepaid items, and long-term inter-fund advances and receivables.
- \$95 million is **restricted**, which can be spent only for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation.
- \$10 million is **assigned** to be used by the County for specific purposes.
- \$791 million is **unassigned** and can be used for any purpose.

“If a free society cannot help the many who are poor, it cannot save the few who are rich.”

- John F. Kennedy

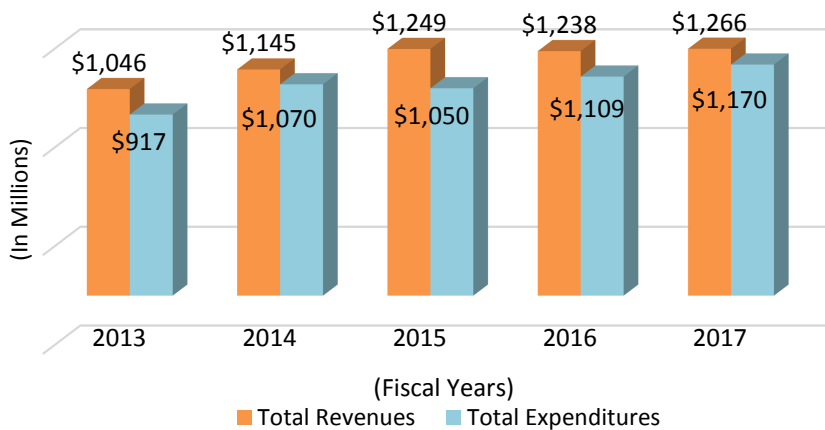
General Fund Result of Operations

General fund is a major fund in governmental funds. It is presented using the current financial resources measurement focus and on the modified accrual basis of accounting.

General Fund Revenues (in millions)					
Source	FY 2016-17		FY 2015-16		Inc./ (Dec.) Amount
	Amount	% of Total	Amount	% of Total	
Taxes	\$ 616	48.7%	\$ 581	46.9%	\$ 35
Licenses and permits	7	0.6%	7	0.6%	-
Intergovernmental	460	36.3%	460	37.2%	-
Charges for services	131	10.3%	137	11.0%	(6)
Fines, forfeitures, and penalties	8	0.6%	10	0.8%	(2)
Rents and concessions	2	0.2%	2	0.2%	-
Investment income	11	0.9%	15	1.2%	(4)
Other	29	2.3%	24	1.9%	5
Total major revenue sources	1,264		1,236		28
Other financing sources	2	0.1%	2	0.2%	(0)
Total revenues	<u>\$ 1,266</u>	<u>100.0%</u>	<u>\$ 1,238</u>	<u>100.0%</u>	<u>\$ 28</u>



General Fund Operations



General Fund Expenditures (in millions)					
Function	FY 2016-17		FY 2015-16		Inc./ (Dec.) Amount
	Amount	% of Total	Amount	% of Total	
General government	\$ 114	9.7%	\$ 106	9.6%	\$ 8
Public protection	388	33.2%	377	33.9%	11
Health and sanitation	284	24.3%	267	24.1%	17
Public assistance	225	19.2%	212	19.1%	13
Recreation	14	1.2%	13	1.2%	1
Capital outlay	23	2.0%	9	0.8%	14
Total functional expenditures	1,048		984		64
Other financing uses	122	10.4%	125	11.3%	(3)
Total expenditures**	<u>\$ 1,170</u>	<u>100.0%</u>	<u>\$ 1,109</u>	<u>100.0%</u>	<u>\$ 61</u>

** Differences between total general fund expenditures and total actual (budgetary basis) expenditures are due mainly to reporting on budgetary basis versus financial reporting basis under GAAP.



Award for Outstanding Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) has given an award for “Outstanding Achievement in Popular Annual Financial Reporting” to San Mateo County for its Financial Highlights publication for the fiscal year ended June 30, 2016. This Award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive this award, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.

An Award for “Outstanding Achievement in Popular Annual Financial Reporting” is valid for a period of one year. San Mateo County has received this award for the last fifteen consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.

